

MINUTES
STATE BUILDING COMMISSION MEETING
EXECUTIVE SUB-COMMITTEE
DECEMBER 16, 2002
2:00 P.M.

The State Building Commission Executive Sub-committee met this day in the Executive Conference Room, State Capitol, Nashville, Tennessee.

STATE BUILDING COMMISSION SUB-COMMITTEE MEMBERS PRESENT

C. Warren Neel, Commissioner, Department of Finance and Administration
Steve Adams, State Treasurer
Riley Darnell, Secretary of State
John Morgan, Comptroller of the Treasury

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Commissioner Neel called the meeting to order at 2:07 p.m. and requested action on the following matters as presented by Assistant Commissioner Larry Kirk.

STATE SUPREME COURT

SPECIAL ITEM

DISCUSSION regarding a proposed LEASE AGREEMENT for the Administrative Office of the Courts, Knoxville, Tennessee. The proposed lease agreement is for 46,000 rentable square feet with a term of twenty (20) years and four (4) separate options to renew and extend in successive periods of five (5) years each.

SC Action: 12-16-02. Charles Garrett presented the transaction and an Executive Summary prepared by the Agency. He introduced Ms. Cornelia Clark, Director, Administrative Office of the Courts, for a summary of the request. Ms. Clark introduced members of the Court and Administrative Office staff. She then presented a summary of the transaction. Discussion ensued and Sub-committee raised issues and concerns such as State appropriations to the Court, the rent adjustments affect on the Facilities Revolving Fund (FRF); long-range plans for the Courts, and timeliness of the request.

Sub-committee stated it would like the opportunity to review and analyze the project and referred the transaction to the January 9, 2003 State Building Commission meeting.

DEPARTMENT OF TRANSPORTATION

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL of interest in real property with WAIVER of ADVERTISEMENT and APPRAISALS as required by TCA 4-15-102 and 12-2-112:

Description: **Knox County – 0.420 +/- Acres – Walker Springs Connector Frontage, Knoxville, TN – Trans. No. 02-11-010 (BM)**

Purpose: Disposal of surplus right-of-way and the Department has agreed that the Attorney General may use the property in a lawsuit settlement.

Original Cost to State: \$108,300.00 – 0.420 Acres

Date of Original
Conveyance: April 1992

Grantor Unto State: John Fiser

Estimated Sale
Price: \$108,300.00

Grantee: John Fiser

SSC Report: 12-09-02. Charles Garrett presented the transaction for review and introduced Cynthia Paduch, Knoxville Attorney General's Office, for an overview of the transaction. Ms. Paduch presented an overview and summarized the transaction. She stated that the Agency and the Attorney General's Office are in agreement with the transaction as presented. Staff referred to Sub-committee with recommendation.

SC Action: 12-16-02. Charles Garrett presented the transaction for review and introduced Cynthia Paduch, Knoxville Attorney General's Office, for an overview of the transaction. Ms. Paduch summarized the transaction and advised that the landowner will settle for the State's deposit in Court and the 0.420 Acres. Assistant Attorney General Janie Porter advised Sub-committee the Attorney General's office is comfortable with the settlement agreement. Sub-committee approved the request as recommended with Secretary Adams abstaining. Final action.

DEPARTMENT OF TRANSPORTATION

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL of interest in real property with WAIVER of ADVERTISEMENT and APPRAISALS as required by TCA 4-15-102 and 12-2-112:

Description: **Knox County – 0.501 +/- Acres – Papermill Road Frontage, Knoxville, TN – Trans. No. 02-11-011 (BM)**

Purpose: Disposal of surplus right-of-way and the Department has agreed that the Attorney General may use the property in a lawsuit settlement.

Original Cost to State: \$504,000.00 with Improvements

Date of Original Conveyance: September 1997

Grantor Unto State: Jenkins Team V, Inc.

Estimated Sale Price: \$242,000.00

Grantee: Cooper Commercial Properties

SSC Report: 12-09-02. Charles Garrett presented the transaction for review and introduced Cynthia Paduch, Knoxville Attorney General's Office, for an overview of the transaction. Ms. Paduch presented an overview and summarized the transaction. She stated that the Agency and the Attorney General's Office are in agreement with the transaction as presented. Staff referred to Sub-committee with recommendation.

SC Action: 12-16-02. Charles Garrett presented the transaction for review and introduced Cynthia Paduch, Knoxville Attorney General's Office, for an overview of the transaction. Ms. Paduch presented an overview and summarized the transaction. Sub-committee approved the transaction as presented. Final action.

DEPARTMENT OF TRANSPORTATION

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL of interest in real property with WAIVER of ADVERTISEMENT and APPRAISALS as required by TCA 4-15-102 and 12-2-112:

Description: **Knox County – 0.113 +/- Acres – Montvue Road Frontage, Knoxville, TN – Trans. No. 02-11-012 (BM)**

Purpose: Disposal of surplus right-of-way and the Department has agreed that the Attorney General may use the property in a lawsuit settlement.

Original Cost to State: \$1,200,000.00 – 0.569 Acres

Date of Original Conveyance: June 1998

Grantor Unto State: Montvue Properties

Estimated Sale Price: \$117,600.00

Grantee: Montvue Partners

SSC Report: 12-09-02. Charles Garrett presented the transaction for review and introduced Cynthia Paduch, Knoxville Attorney General's Office, for an overview of the transaction. Ms. Paduch presented an overview and summarized the transaction. She stated that the Agency and the Attorney General's Office are in agreement with the transaction as presented. Staff referred to Sub-committee with recommendation.

SC Action: 12-16-02. Charles Garrett presented the transaction for review and introduced Cynthia Paduch, Knoxville Attorney General's Office, for an overview of the transaction. Ms. Paduch presented an overview and summarized the transaction. Sub-committee approved the transaction as presented. Final action.

TENNESSEE BOARD OF REGENTS

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL of interest in real property with WAIVER of ADVERTISEMENT as required by TCA 4-15-102 and 12-2-112:

Description: **Shelby County – 0.759 +/- Acres – Poplar Avenue, University of Memphis, Memphis, TN – Trans. No. 02-11-004 (LW)**

Purpose: Disposal in Fee of surplus property to the adjoining property owner for recreational purposes of the adjoining property owner.

Original Cost to State: \$16,750.00

Date of Original
Conveyance: September 1992

Grantor Unto State: Memphis Light, Gas, and Water

Estimated Sale
Price: Pending Appraisal

Grantee: Second Presbyterian Church, Only Adjoining Property Owner

SSC Report: 12-09-02. Jerry Preston presented the transaction for review and stated the subject property has easement restrictions and cannot be used for development. He stated the property is a strip between the University and the Second Presbyterian Church. He stated the Church's athletic/recreational fields adjoin the property and the Church intends to use the property for the same purposes. Staff referred to Sub-committee for discussion.

SC Action: 12-16-02. Jerry Preston presented a summary of the transaction. Sub-committee approved as presented. Final action.

TENNESSEE BOARD OF REGENTS

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property and WAIVER of ADVERTISEMENT as required by TCA 12-2-115:

Location: **Davidson County – Music Row, Nashville, TN – Trans. No. 02-12-904**

Purpose: To provide accommodation for up to 60 Middle Tennessee State University students in the RIM 4400 – Techniques of Recording course for the Spring 2003 semester, lease of studio time at a studio facility, which is located in Music Row

Term: January 1, 2003 thru December 31, 2003 (1 yr.)

Proposed Amount: \$25,000 per Semester – 90 Day Cancellation

Type: New Lease - Negotiated

Lessor: The Boardroom Studio

Comment: MTSU has a backlog of students in the Recording Industry program, causing students to wait from a semester to one year later for access to studio classes. The rental of the Music Row studio facility will allow the round-the-clock access needed to accommodate classroom instruction and student access outside of class for completion of projects. Extra studio space is planned for renovation on campus and if completed by Fall 2003, the lease in Music Row will be discontinued.

SSC Report: 12-09-02. Jerry Preston presented the transaction for review. He stated there are 1,700 students in the program and that RIM is a required class. He stated because there is not enough studio space on campus there is a delay in students graduating. He said this lease would tide MTSU over until space on campus can be renovated. Staff asked if MTSU had looked at other facilities and asked how the cost compares. Mr. Preston stated studio space is typically \$350.00-\$500.00 per day. He advised that the MTSU students would have access twenty-four hours a day. Staff referred to Sub-committee for discussion.

SC Action: 12-16-02. Jerry Preston summarized the transaction. He advised that the proposed lease would alleviate the backlog of students in the program and allow sufficient time for MTSU to develop an additional studio on campus. Sub-committee approved the transaction as presented. Final action.

TENNESSEE BOARD OF REGENTS

UNIVERSITY OF MEMPHIS, MEMPHIS, TENNESSEE

- 1) Discussion of a project for **Athletic Training Center Addition and Modifications** at the University of Memphis in Memphis, Tennessee.

Jerry Preston reported for the Board of Regents the following: 1) since the 25-Nov-02 Subcommittee authorization to engage the existing project contractor Flintco for emergency clean-up and stabilization work, this work has proceeded well; 2) the cost of reconstruction is now being explored; 3) the insurance adjustor from Royal Insurance has engaged a construction consultant to assist in negotiating a reconstruction contract with Flintco; 4) the combined cost of clean-up, stabilization, and reconstruction will probably be considerably less than the early estimate ; and, 5) the adjustor has approved engaging Flintco for the reconstruction work once a suitable contract is negotiated.

Mr. Preston then asked the Subcommittee to concur in the recommendation of the insurance adjustor and approve engaging Flintco for the replacement construction once a suitable scope and cost is approved by the adjustor. The Subcommittee so concurred and approved.

SBC Project No. 166/007-01-97

TENNESSEE WILDLIFE RESOURCES AGENCY

LAND ITEM

Review of a request for **APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT**, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: **Dyer County – 929.0 +/- Acres (Eight Tracts) – Thorny Cypress Wildlife Management Area – Trans. No. 02-11-003 (CH)**

Purpose: Acquisition in Fee of (8) wetland tracts for preservation.

Source of Funding: Wetland Acquisition Funds

Estimated Cost: Pending Appraisal

Estimated Title,
Appraisal and
Survey Fees: Pending Bid

Owner(s): Simpson, Carter, Adcock, and Yarbrow – Property Owners

SSC Report: 12-09-02. Referred to Sub-committee with recommendation.

SC Action: 12-16-02. Sub-committee approved the transaction as presented. Final action.

DEPARTMENT OF ENVIRONMENT & CONSERVATION

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: **Morgan, Campbell, Claiborne, and Hamilton Counties – 1,250 +/- Acres - Cumberland Trail – Trans. No. 01-10-012 (GM)**

Purpose: Acquisition in Fee to increase three (3) segments of the Cumberland Trail.

Source of Funding: \$156,000.00 – State Land Acq. Funds – Morgan County
\$500,000.00 – State Land Acq. Funds – Campbell/Claiborne Cos.
\$330,000.00 – Stand Land Acq. Funds – Hamilton County

Estimated Cost: \$986,000.00 – Total State Land Acquisition Funds

Estimated Title,
Appraisal and
Survey Fees: Pending Bid

Owner(s): Various Landowners

Comment: Previous Sub-Committee action on November 19, 2001 approved the acquisition of 82 +/- miles of various trail segments.

SSC Report: 12-09-02. Charles Garrett presented the transaction for review and introduced Ron Weber, Cumberland Trail Conference. Mr. Weber summarized the transaction and stated it is the intention to strengthen the corridors from 200-300 feet to 500 feet for Phase II for the Frozen Head, Cumberland Mountain, and North Chickamauga Segments of the Cumberland Trail State Park.

Mr. Weber presented an Addendum to the Cumberland Mountain Segment as follows: "In order to avoid added value to the landowner and the risk of timber harvesting within a recreational trail easement, thus damaging the recreation and conservation value of the easement: Approve the increase in funding based on a fee simple purchase of a corridor up to maximum of 500 ft to include timber rights. Additionally, if this action is not successful, approve the placement of a recreational trail easement not to exceed 200 ft in width." Staff referred to Sub-committee with recommendation and that the Cumberland Mountain Segment be conditioned as presented.

Department of Environment & Conservation – continued:

SC Action: Charles Garrett presented the transaction for review and introduced Ron Weber, Cumberland Trail Conference. Mr. Weber summarized the transaction and stated it is the intention to strengthen the corridors from 200-300 feet to 500 feet for Phase II for the Frozen Head, Cumberland Mountain, and North Chickamauga Segments of the Cumberland Trail State Park.

Sub-committee approved the transaction as presented and that Secretary Darnel's motion include the Addendum to the Cumberland Mountain Segment as presented to staff as follows: "In order to avoid added value to the landowner and the risk of timber harvesting within a recreational trail easement, thus damaging the recreation and conservation value of the easement: Approve the increase in funding based on a fee simple purchase of a corridor up to maximum of 500 ft to include timber rights. Additionally, if this action is not successful, approve the placement of a recreational trail easement not to exceed 200 ft in width." Final action.

DEPARTMENT OF ENVIRONMENT & CONSERVATION

LAND ITEM

Review of a request for APPROVAL to ACQUIRE a CONSERVATION EASEMENT BY GIFT, OBTAIN, SURVEY, WAIVE APPRAISAL, and ACCEPT as GIFT, required interest in the following real property:

Description: **Roane County – 3,000 +/- Acres – Oak Ridge Reservation referred to as Blackoak Ridge– Trans. No. 02-11-013 (CH)**

Purpose: Acquisition of a Conservation Easement by Gift for management as State Natural Areas (SNA) and Wildlife Management Areas (WMA).

Source of Funding: Gift

Estimated Cost: Gift

Estimated Survey Fees: Provided by U.S. Department of Energy

Owner(s): U.S. Department of Energy

SSC Report: 12-09-02. Charles Garrett presented the transaction for review and introduced Reggie Reeves, agency representative. Mr. Reeves summarized the transaction and advised that the U.S. Department of Energy (DOE) is donating the property to the State as partial settlement for damages to State resources. He stated the DOE will establish a \$1.0 million dollar Trust Fund for this area for operation and there will be two reversion clauses in the conveyance. He stated that the property will revert should the DOE need the property for national security reasons and if the Federal Trustee Council and DOE cannot agree in the next three years as to value and credit to DOE, the property will revert. He advised it will be utilized as a wildlife management area and state natural area and the agency does not assume any liability if found to be contaminated. Staff referred to Sub-committee with recommendation.

SC Action: 12-16-02. John Gregory, TWRA, summarized the transaction. Sub-committee approved the transaction as presented and that the State Building Commission retain the right to name the property. Final action.

DEPARTMENT OF FINANCE & ADMINISTRATION

LEASE AMENDMENT

Review of a request for APPROVAL of the following LEASE AMENDMENT for the rental of real property as required by TCA 12-2-115:

Location: Davidson County – 226 Capitol Boulevard Building, Nashville, TN – Trans. No. 02-09-904 (JS)

Purpose: To provide additional office space for the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) to relieve overcrowding.

Term: March 1, 2003 thru August 31, 2004 (1 yr., 6 mos.)

Proposed Amount: 32,714 Square Feet
Annual Contract Rent
Incl. Utility & Janitorial Cost: \$441,636.00 @ \$13.50/sf
Total Annual Effective Cost: \$441,636.00 @ \$13.50/sf

Current Amount: 31,834 Square Feet
Annual Contract Rent
Incl. Utility & Janitorial Cost: \$429,756.00 @ \$13.50/sf
Total Annual Effective Cost: \$429,756.00 @ \$13.50/sf

Type: Amendment No. 2 – 880 Additional Square Feet

FRF Rate: \$18.00 Per Square Foot

Lessor: Tennessee Municipal League

SSC Report: 12-09-02. Referred to Sub-committee with recommendation.

SC Action: 12-16-02. Sub-committee approved the transaction as presented. Final action.

SECRETARY OF STATE

DISCUSSION ITEM

Discussion regarding a request to WAIVE ADVERTISEMENT and Enter into a 5-year negotiated lease for specialized space to house the Upper Cumberland Regional Library.

SSC Report: 12-09-02. Eddie Nikazy, Real Property Management, summarized the transaction. He stated the facility was constructed for Regional Library purposes in 1972 to specifications to house the unique book mobile library operations. He said that in addition to 4,000 square feet of book storage and distribution space, the facility has (3) bays of 1,200 square feet with overhead doors to allow vehicles to be loaded and unloaded out of the weather.

Mr. Nikazy stated the current rate for the facility is \$3.46 per square foot (\$5.96 effective cost) and the proposed rate is \$4.15 per square foot (\$6.65 effective cost) for 5,200 rentable square feet. Staff referred to Sub-committee with recommendation.

SC Action: 12-16-02. Sub-committee approved the transaction as presented. Final action.

STATE BUILDING COMMISSION

MINUTES OF MEETING OF STATE BUILDING COMMISSION

- 1) Approved the Minutes of the State Building Commission Executive Sub-committee meeting held on November 25, 2002.

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Following approval of the Consent Agenda, the meeting adjourned at 3:40 p.m.

CONSENT AGENDA

Approved the following Real Property transactions that have been reviewed and recommended for approval by Sub-committee staff:

- A. Agency: **University of Tennessee – Shelby County**
Trans.: Lease Amendment
- B. Agency: **Department of Transportation – Bradley County**
Trans.: Disposal in Fee
Provision: Waiver of Advertisement
- C. Agency: **Tennessee Board of Regents – Davidson County**
Trans.: Disposal by Easement with Right-of-Entry
Provision: Waiver of Advertisement and Appraisals
- D. Agency: **Board of Probation & Parole – Maury County**
Trans.: Lease Agreement
- E. Agency: **Department of Children's Services – Giles County**
Trans.: Lease Agreement
- F. Agency: **Finance & Administration – Henderson County**
Trans.: Lease Agreement for Human Services & Children's Services
- G. Agency: **Finance & Administration – Morgan County**
Trans.: Lease Agreement for Human Services & Children's Services
- H. Agency: **Finance & Administration – Loudon County**
Trans.: Lease Agreement for Human Services & Children's Services

A.

UNIVERSITY OF TENNESSEE

LEASE AMENDMENT

Review of a request for APPROVAL of the following LEASE AMENDMENT for the rental of real property as required by TCA 12-2-115:

Location: Shelby County – 777 Washington Avenue, Memphis, TN – Trans. No.

Purpose: Lease amendment to provide additional space for the University's Department of Pediatrics' teaching, research, and patient care activities.

Term: January 1, 2003 thru December 31, 2008 (6 Yrs.)

Proposed Amount: 42,673 Square Feet
Annual Contract Rent
Incl. Utility & Janitorial Cost: \$289,763.00 @ \$6.79/sf
Total Annual Effective Cost: \$289,763.00 @ \$6.79/sf

Current Amount: 27,500 Square Feet
Annual Contract Rent
Incl. Utility & Janitorial Cost: \$275,000.00 @ \$10.00
Total Annual Effective Cost: \$275,000.00 @ \$10.00

Type: Lease Amendment – 15,173 Additional Square Feet

Lessor: Methodist Healthcare – Memphis Hospitals on behalf of its facility LeBonheur Children's Medical Center, Current Lessor

Comment: The University exercised the first option period. In the event the University elects to exercise the second option period, the rental cost may be adjusted for the coming 12 month period each July 1, and shall be based on the difference between the State and local index.

SSC Report: 12-09-02. Alvin Payne summarized the request. Mr. Payne stated that since the beginning of the lease the Department of Pediatrics has grown to occupy 42,673 square feet of space. He stated the amendment rectifies the situation to the actual space occupied. He said the pass-throughs provided for in the first option period, which the University has exercised, are deleted by the amendment and the University will be in a better financial position. He said the additional funds are through pharmaceutical; grants and will continue through the option periods. Staff referred to Sub-committee for consent agenda.

SC Action: 12-16-02. Approved as presented. Final action.

B.

DEPARTMENT OF TRANSPORTATION

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL of interest in real property with WAIVER of ADVERTISEMENT as required by TCA 4-15-102 and 12-2-112:

Description: **Bradley County – 3.421 +/- Acres – South Side of SR 331 and SR 2 Interchange, Cleveland, TN – Trans. No. 02-11-009 (BM)**

Purpose: Disposal in Fee to the only adjoining property owner for commercial and industrial development

Original Cost to State: \$29,000 – 25.06 Acres

Date of Original Conveyance: March 1972

Grantor Unto State: Dan O'Neal and Max Finkle

Estimated Sale Price: Pending Appraisal

Grantee: Thomas D. Williams and Paul Steven Williams, Only Adjoining Property Owner

SSC Report: 12-09-02. Referred to Sub-committee for consent agenda subject to two (2) appraisals as required.

SC Action: 12-16-02. Approved as presented. Final action.

TENNESSEE BOARD OF REGENTS

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL by EASEMENT, with RIGHT-OF-ENTRY, of interest in real property with WAIVER of ADVERTISEMENT and APPRAISALS, as required by TCA 4-15-102 and 12-2-112.

Description: Davidson County – 0.08 +/- Acres – 100 White Bridge Road, Tennessee Technology Center, Nashville, TN –Trans. No. 02-11-007 (LW)

Purpose: Disposal by Easement for installation of new fiber optic cable lines and electronic cabinet. In exchange, Bell South has agreed to move the existing electronic cabinet to a more advantageous area.

Estimated Sale Price: Grant – Public Purpose

Grantee: Bell South Telecommunications

SSC Report: 12-09-02. Referred to Sub-committee for consent agenda.

SC Action: 12-16-02. Approved as presented. Final action.

BOARD OF PROBATION & PAROLE

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: **Maury County – 2506 Pillow Drive, Columbia, TN – Trans. No. 02-07-908 (RS)**

Purpose: To provide office and related for local operations.

Term: April 1, 2003 thru March 31, 2008 (5 yrs.)

Proposed Amount:	<u>7,100 Square Feet</u>		
	Annual Contract Rent:	\$44,400.00	@\$6.25/sf
	Est. Annual Utility Cost:	\$ 9,940.00	@\$1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 7,810.00</u>	<u>@\$1.10/sf</u>
	Total Annual Effective Cost:	\$62,150.00	@\$8.75/sf

Current Amount:	<u>7,100 Square Feet</u>		
	Annual contract Rent:	\$39,960.00	@\$5.63/sf
	Est. Annual Utility Cost:	\$ 9,940.00	@\$1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 7,810.00</u>	<u>@\$1.10/sf</u>
	Total Annual Effective Cost:	\$57,710.00	@\$8.13/sf

Type: New Lease – Advertisement – Lowest of (3) Proposals from (2) Proposers

FRF Rate: \$13.50 Per Square Foot

Lessor: Knox & Knox Investments – Current Lessor

SSC Report: 12-09-02. Referred to Sub-committee for consent agenda.

Comment: 12-11-02. Subsequent to staff review the proposed lessor offered a Purchase Option in the amount of \$550,000 for the first lease year only. The purchase option will be incorporated into the lease document.

SC Action: 12-16-02. Approved as presented. Final action.

DEPARTMENT OF CHILDREN'S SERVICES

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: **Giles County – 204 East Grisby Street, Pulaski, TN – Trans. No. 02-03-935 (RS)**

Purpose: To provide office and related space for local operations.

Term: November 1, 2003 thru October 31, 2013 (10 Yrs.)

Proposed Amount:	<u>5,520 Square Feet</u>		
	Annual Contract Rent:	\$46,500.00	@ \$ 8.42/sf
	Est. Annual Utility Cost:	\$ 7,728.00	@ \$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 6,072.00</u>	<u>@ \$ 1.10/sf</u>
	Total Annual Effective Cost:	\$60,300.00	@ \$10.92/sf

Current Amount:	<u>1,562 Square Feet</u>		
	Annual Contract Rent:	\$ 9,418.86	@ \$6.03/sf
	Est. Annual Utility Cost:	\$ 2,186.80	@ \$1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 1,718.20</u>	<u>@ \$1.10/sf</u>
	Total Annual Effective Cost:	\$13,323.86	@ \$8.53/sf

Type: New Lease – Advertisement – Lowest of (2) Proposals from (2) Proposers

FRF Rate: \$10.25 Per Square Foot

Lessor: Brindley Development Company

Comment: The Department (DCS) is currently co-located with Human Services in extremely overcrowded conditions. DCS received improvement positions over the last five years as a result of the Brian A. Settlement. Human Services has added a TennCare Eligibility Counselor and has need for the space occupied by DCS.

The proposed lease provides for (1) Lessor to construct a 5,520 rentable square foot office building, including interior tenant build-out, at no additional cost to the State and (2) no cancellation during the first five years of the lease term except for cause and/or funding and 180 days notice thereafter.

SSC Report: 12-09-02. Referred to Sub-committee for consent agenda.

Comment: 12-11-02. Subsequent to staff review the proposed lessor was contacted regarding a purchase option. He stated he would sell at appraised value and did not know what option amount to offer at this time. Proposed lessor is sending a written purchase option, which will be incorporated into the lease document.

SC Action: 12-16-02. Approved as presented. Final action.

DEPARTMENT OF FINANCE & ADMINISTRATION

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: Henderson County – College Drive, Site A, Lexington, TN – Trans. No. 02-04-921 (TH)

Purpose: To provide office and related space for the Departments of Human Services and Children's Services local operations.

Term: August 1, 2003 thru July 31, 2013 (10 Yrs.)

Proposed Amount:	<u>10,300 Square Feet</u>		
	Annual Contract Rent:	\$ 77,250.00	@ \$ 7.50/sf
	Est. Annual Utility Cost:	\$ 14,420.00	@ \$ 1.40/sf
	Est. Annual Janitorial Cost:	\$ 11,330.00	@ \$ 1.10/sf
	Total Annual Effective Cost:	\$103,000.00	@ \$10.00/sf

Current Amount:	<u>4,380 Square Feet</u>		
	Annual Contract Rent:	\$26,384.00	@ \$ 6.02/sf
	Est. Annual Utility Cost:	\$ 6,132.00	@ \$ 1.40/sf
	Est. Annual Janitorial Cost:	\$ 4,818.00	@ \$ 1.10/sf
	Total Annual Effective Cost:	\$37,334.00	@ \$ 8.52/sf

Type: New Lease – Advertisement – Lowest Conforming Proposal from (8) Proposers and (3) non-conforming

FRF Rate: \$10.25 Per Square Foot

Lessor: Susan Cox

Comment: The proposed lease will provide needed space because of program changes and improvement positions for both agencies over the last five years due to the TennCare Eligibility Program and the Brian A. Settlement. The proposed lease provides for (1) Lessor to construct a 10,300 square foot office building, including interior tenant improvements, at no additional cost to the State and (2) no cancellation during the first five years of the lease term except for cause and/or funding and 180 days notice thereafter.

SSC Report: 12-09-02. Referred to Sub-committee for consent agenda.

SC Action: 12-16-02. Approved as presented. Final action.

DEPARTMENT OF FINANCE & ADMINISTRATION

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: **Morgan County – 1330 Knoxville Hwy., Wartburg, TN – Trans. No. 02-05-917 (JS)**

Purpose: To provide office and related for locations of the Departments of Human Services and Children's Services.

Term: October 1, 2003 thru September 30, 2013 (10 Yrs.)

Proposed Amount:	<u>8,500 Square Feet</u>		
	Annual Contract Rent:	\$48,000.00	@\$5.65/sf
	Est. Annual Utility Cost:	\$11,900.00	@\$1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 9,350.00</u>	<u>@\$1.10/sf</u>
	Total Annual Effective Cost:	\$69,250.00	@\$8.15/sf

Current Amount:	<u>4,480 Square Feet</u>		
	Annual Contract Rent:	\$24,000.00	@\$5.36/sf
	Est. Annual Utility Cost:	\$ 6,272.00	@\$1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 4,928.00</u>	<u>@\$1.10/sf</u>
	Total Annual Effective Cost:	\$35,200.00	@\$7.86/sf

Type: New Lease – Advertisement – Lowest of (6) Proposals from (5) Proposers

FRF Rate: \$10.25 Per Square Foot

Lessor: Roy E. Jones

Comment: The proposed lease will provide needed space because of program changes and improvement positions for both agencies over the last five years due to the TennCare Eligibility Program and the Brian A. Settlement.

The proposed lease provides for (1) the Lessor will construct a 8,500 square foot office building including interior improvements at no additional cost to the State, (2) no cancellation during the first five years of the lease term and 180 days notice thereafter, and (3) the State's Option to Purchase.

SSC Report: 12-09-02. Referred to Sub-committee for consent agenda.

SC Action: 12-16-02. Approved as presented. Final action.

DEPARTMENT OF FINANCE & ADMINISTRATION

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: **Loudon County – 1060 Browder Hollow Road, Lenoir City, TN – Trans. No. 02-05-931 (JS)**

Purpose: To provide office and related for the Departments of Human Services and Children's Services local operations.

Term: October 1, 2003 thru September 30, 2013 (10 Yrs.)

Proposed Amount:	<u>10,500 Square Feet</u>		
	Annual Contract Rent:	\$100,000.08	@ \$ 9.52/sf
	Est. Annual Utility Cost:	\$ 14,700.00	@ \$ 1.40/sf
	Est. Annual Janitorial Cost:	\$ 11,550.00	@ \$ 1.10/sf
	Total Annual Effective Cost:	\$126,250.08	@ \$12.02/sf

Current Amount:	<u>4,776 Square Feet</u>		
	Annual Contract Rent:	\$32,400.00	@ \$ 6.78/sf
	Est. Annual Utility Cost:	\$ 6,686.40	@ \$ 1.40/sf
	Est. Annual Janitorial Cost:	\$ 5,253.60	@ \$ 1.10/sf
	Total Annual Effective Cost:	\$44,340.00	@ \$ 9.28/sf

Type: New Lease – Advertisement – Lowest of (3) Proposals from (3) Proposers

FRF Rate: \$10.25 Per Square Foot

Lessor: Hearthwood Properties #2, LLC

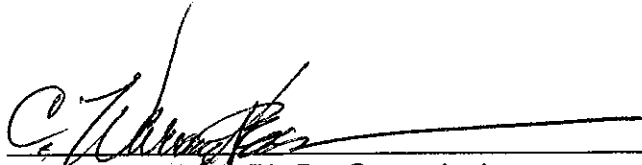
Comment: The proposed lease will provide needed space because of program changes and improvement positions for both agencies over the last five years due to the TennCare Eligibility Program and the Brian A. Settlement.

The proposed lease provides for (1) Lessor to construct a 10,500 square foot office building including interior tenant improvements at no additional cost to the State, (2) no cancellation during the first five years of the lease term except for cause and/or funding, and (3) a Purchase Option.

SSC Report: 12-09-02. Referred to Sub-committee for consent agenda.

SC Action: 12-16-02. Approved as presented. Final action.

APPROVED BY:



C. Warren Neel, Ph.D., Commissioner
Department of Finance and Administration